

**EXHIBIT B
PAYMENT PROVISIONS**

1. The Department agrees to compensate the Contractor in accordance with the allocation amounts specified in Item 4 below under the conditions described in this Exhibit.
2. Budget Contingency Clauses
 - A. Federal Budget: It is mutually agreed that, if the Congress does not appropriate sufficient funds for the program, the State has the option to void the contract or to amend the contract to reflect any reduction of funds. Such amendment will require Contractor approval.
 - B. State Budget:

It is mutually agreed that if the Budget Act of the current year does not appropriate sufficient funds for the program, this contract will be void and of no further force and effect. In such an event, the State will have no further liability to pay any funds whatsoever to the Contractor or to furnish any other considerations under this contract, and the Contractor will not be obligated to perform any provisions of this contract or to provide services intended to be funded pursuant to this contract.

If funding for this contract is reduced or deleted by the Budget Act for the purposes of this program, the State shall have the option to either cancel this contract with no liability occurring to the State, or offer a contract amendment to the Contractor to reflect the reduced amount.
3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in Government Code, Chapter 45, commencing with Section 927.
4. Amounts Payable

The total amount payable for the 2003-2004 Fiscal Year ending June 30, 2004 is \$_____. The amount payable is an interim amount only and is subject to the development of the allocation amount for the 2003-2004 Fiscal Year pursuant to Item 7. Any requirement of performance by the Department and the Contractor for this period will be dependent upon the availability of future appropriations by the Legislature

for the purpose of this contract. The services shall be provided at the times required by this contract.

5. Payment to the Contractor

The Contractor will receive a single payment for the full amount payable under Item 4 for the fiscal year within 60 calendar days of the determination of the amount by the Department in accordance with Title 9, CCR, Section 1810.330, or the enactment of the State Budget for the fiscal year, whichever is later.

6. Payment in Full

The amount payable under Item 4, referred to hereafter as the allocation amount, constitutes payment in full by the Department of the State matching funds on behalf of beneficiaries for all covered services and for all utilization review and administrative costs incurred by the Contractor in providing or arranging for such services, except for covered services, other than psychiatric inpatient hospital services, provided to beneficiaries under 21 years of age who are eligible for the full scope of Medi-Cal benefits.

State matching funds, in addition to the amount payable under Item 4, for covered services, other than psychiatric inpatient hospital services, provided to beneficiaries under 21 years of age who are eligible for the full scope of Medi-Cal benefits will be paid in accordance with the Interagency Agreement between the Department and the State Department of Health Services (DHS 02-25271; DMH 02-72210-000 or subsequent agreement), which provides the federal financial participation and specified state matching funds for the Medi-Cal specialty mental health services and related activities

7. Determination of Allocation Amount

The allocation amount will be set annually on a formula basis as determined by the Department in consultation with a statewide organization representing counties pursuant to Section 5778, W&I Code.

8. Renegotiation or Adjustment of Allocation Amount

A. To the extent permitted by federal law, either the Department or the Contractor may request that contract negotiations of the allocation amount be reopened during the course of a contract due to substantial changes in the cost of covered services or related obligations that

result from new legislative requirements affecting the scope of services or eligible population, or other unanticipated event. Any change in the allocation amount under this section is subject to the availability of funds. Any change in allocation amount will be retroactive to the effective date of the change authorizing the amendment.

- B. The allocation amount may be changed pursuant to a change in the obligation of the Contractor as a result of a change in the obligations of a Medi-Cal managed care plan for services that would be covered by the Contractor if they were not covered by the Medi-Cal managed care plan, pursuant to Title 9, CCR, Section 1810.345 and Section 1810.350(a)(5). Any change in allocation amount will be retroactive to the effective date of the change authorizing the amendment.

9. Disallowances and Offsets

- 1. In the event of disallowances or offsets as a result of federal audit exceptions, the provisions of Section 5778(h), W&I Code will apply.
- 2. The Department will offset the state matching funds for payments made by the Medi-Cal fiscal intermediary pursuant to Section 5778(g), W&I Code, against any funds held by the Department on behalf of the Contractor.

10. Federal Financial Participation

Nothing in this contract shall limit the Contractor from being reimbursed appropriate federal financial participation for any covered services or utilization review and administrative costs even if the total expenditure for services exceeds the contract amount.